



TENNESSEE DEPARTMENT OF REVENUE

Registering Your Business In Tennessee

Dear Tennessee Taxpayer,

This publication is designed to help taxpayers better understand Tennessee's requirements for business registration. You may find registration compliance easier when you know more about the requirements. Please take time to acquaint yourself with how registration requirements apply to you.

The Department of Revenue offers a toll free tax information line for Tennessee taxpayers. The number is 1-800-342-1003. If calling from Nashville or out-of-state, you may call (615) 253-0600. The Department of Revenue also offers a telecommunications device for the deaf (TDD) line at (615) 741-7398.

In addition, the Department of Revenue offers a HOTLINE number for the exclusive use of the tax practitioner. In-state practitioners may call toll free 1-800-397-8395; from Nashville and out-of-state call (615) 253-0700.

If you have questions, please do not hesitate to contact any of the offices listed below.

Sincerely,

Taxpayer Services Division

Tennessee Department of Revenue
Taxpayer Services Division
Andrew Jackson Building, 3rd Floor
500 Deaderick Street
Nashville, Tennessee 37242-1099

Toll Free: 1-800-342-1003
Out-of-State: (615) 253-0600
TDD: (615) 741-7398

Regional Offices

Chattanooga:
540 McCallie Avenue
Suite 350
Chattanooga, TN 37402
(423) 634-6266

Jackson:
Lowell Thomas State Office Bldg
225 Dr. Martin L. King Drive
Box 44
Jackson, TN 38301
(731) 423-5747

Johnson City:
204 High Point Drive
Johnson City, TN 37601
(423) 854-5321

Knoxville
531 Henley Street
Room 606
Knoxville, TN 37902
(865) 594-6100

Memphis
3150 Appling Road
Bartlett, TN 38133
(901) 213-1400

Registering your Company to do Business in Tennessee

Before beginning operations in Tennessee, a business must complete the appropriate application(s) and pay any applicable fees required at start-up. Which application(s) you must complete depends on what kind of business entity you choose and what your business activity will involve. Most businesses will be required to register for at least one Tennessee tax. The procedure for registering your business is outlined below.

Sales or Use Tax:

If your business will be involved in manufacturing, distributing, selling, renting, or leasing tangible personal property, or providing taxable services, you must hold a Certificate of Registration in order to conduct business in Tennessee. This requirement applies whether your business is a sole proprietorship, partnership, LLC, corporation, or any other type organization including those that are non-profit. Retailers from other states that maintain a physical location, or nexus, in Tennessee, whether temporary or permanent, must also hold a Certificate of Registration. A business having more than one location must hold a Certificate for each business location. For example: a clothing business with locations in two malls must hold a Certificate for each location.

Perhaps the best method of applying for the Certificate of Registration is to visit one of the Department of Revenue offices listed on the inside front cover of this publication. Trained personnel are available there to explain Tennessee's tax system and answer any of your questions. You may also apply for the Certificate by mail to any of the offices listed. A Registration Form, RV-F1300501, and instructions for completion can be downloaded from our web site at www.state.tn.us/revenue.

Franchise, Excise Tax:

Any person doing business in Tennessee as a corporation, subchapter S corporation, limited liability company, professional limited liability company, registered limited liability partnership, professional registered limited liability partnership, limited partnership, cooperative, joint-stock association, business trust, regulated investment company, real estate investment trust, state-chartered or national bank, or state-chartered or federally chartered savings and loan association is liable for the franchise, excise tax. Out-of-state businesses must register with the Department of Revenue and obtain a Certificate of Registration for payment of the franchise, excise tax if they have a "nexus" in Tennessee.

All persons subject to the franchise, excise tax will register with the Department of Revenue by completing and filing the Franchise, Excise Application for Registration form (RV-F1303601) prescribed by the Department. This form will be filed with the Department within 15 days after the date the person becomes subject to the tax.

Persons registering for the Franchise, Excise Tax also must file the proper incorporation documents and fees with the Tennessee Secretary of State in order to obtain a corporate charter, articles of organization, a certificate of limited partnership, or a certificate of authority for out-of-state corporations. Any amendments must also be filed with the Secretary of State's office. All corporations, limited liability companies, and limited partnerships qualified with the Tennessee Secretary of State must file an annual report and pay a filing fee with that office. The report is due on the first day of the fourth month following the corporation's fiscal closing.

Business Tax:

In addition to registration for the Sales or Use Tax and/or Franchise, Excise Tax, as applicable, every person engaging in business must, prior to engaging in business, contact the office of the county clerk in the county where the business will be domiciled, in the case of taxes owed to the county, and/or with the city tax collector, in the case of taxes owed to a municipality, to register for payment of the appropriate business tax. You must contact the respective county or city official for registration information and forms as required by that jurisdiction.

Coin Operated Amusement Machine Tax:

If your business is also involved in the operation of coin operated amusement devices, you must register for payment of the Coin Operated Amusement Machine Tax and secure the proper level of Master License and number of machine registration decals prior to placing any machines into operation. The Application for Registration, Application for Coin Operated Amusement Machine License, and Requisition form for machine decals may all be downloaded from our web site, or they may be obtained by calling the Taxpayer Services Division.

Hall Income Tax:

All persons or entities domiciled in Tennessee or residing in the state for more than six months in a particular tax year, including partnerships, associations, trusts, or corporations, must pay the tax if they receive taxable Tennessee dividends or interest. Husbands and wives may file joint returns. Persons who move into or out of state are liable for tax on income they received during the portion of the year they were in Tennessee. For information on what income is taxable, what income is not taxable, and exemptions available, contact the Department or visit our web site.

Other Tennessee Taxes:

There are a number of other types of taxes for which your business must register, if applicable. For alcoholic beverage taxes, gross receipts taxes, gift and inheritance taxes, privileges taxes, severance taxes, and solid waste taxes, you must complete the Application for Registration, RV-F1300501, and submit it to the Department of Revenue or one of our Regional Offices.

For any other taxes required by the local city or county government, you must contact the city and/or county where your business will be located and secure the applicable information and registration documents.

Nexus:

Sales or Use Tax: The following activities, if performed in this state, would require a company to register to collect and remit sales and use tax. This assumes that the activities listed are not *de minimis* in nature. These requirements are intended for general application and neither attempt to address every activity performed by a company that could require it to collect and remit sales or use tax, nor do they attempt to address every situation that could provide exemption.

- ♦ Use of in-state solicitors, whether employees, agents, or independent contractors;
- ♦ In-state promotional activity by company personnel, including participation in trade shows;
- ♦ Physical Tennessee business presence of a subsidiary that is acting as an agent of the out-of-state dealer or that is conducting activities in Tennessee on behalf of such a dealer;
- ♦ Use of company-owned trucks or use of carriers acting as an agent for the seller;
- ♦ Maintaining a store, office, warehouse, showroom, or other place of business in Tennessee;
- ♦ Leasing or renting tangible personal property in Tennessee;
- ♦ Repairing, installing, or assembling tangible personal property in Tennessee or the use of an agent or independent contractor to perform those services in Tennessee;
- ♦ Providing telecommunication services to subscribers located in Tennessee;
- ♦ Providing any taxable service in Tennessee.

Franchise, Excise Tax: Out-of-state businesses are generally considered to have “nexus” for payment of the franchise, excise tax if they:

- ♦ Have an office, distribution point, sales room, warehouse, or any other temporary or permanent place of business in Tennessee, or
- ♦ Conduct any business activities in Tennessee that go beyond the mere solicitation of orders for sales of tangible personal property that are accepted, approved, and shipped from outside Tennessee, provided there is physical presence in Tennessee.

The law provides some exceptions to the general nexus rule. These exceptions include:

- ♦ The presence of employees, product samples, or promotional materials at trade shows or conventions, for no more than 20 days each calendar year, providing the employees’ activities are limited to taking orders, purchasing goods, or maintaining the show itself.
- ♦ Activities by book and magazine publishers with Tennessee printers, when limited to activities having to do with the printing, storage, labeling, or delivery by mail or common carrier of their materials; maintenance of raw materials; production; or quality control. This exception doesn’t apply if the publisher and printer are affiliated.
- ♦ The physical presence of equipment, tooling, inventory, and employees when the taxpayer’s employees are not engaged in the pursuit of a market in Tennessee; the equipment and tools are not used by an affiliated entity; the taxpayer does not have control over the work done by the in-state entity; and the extent of the value of the property, the number of employees, and the number of days the employees are in Tennessee is minimal.
- ♦ The temporary presence of employees solely for the purpose of purchasing goods from Tennessee vendors for use out-of-state. This presence shall not exceed 30 days per calendar year, and the out-of-state employer shall not provide an office for these employees.